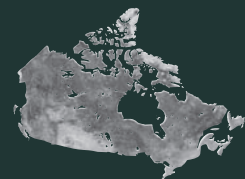


EXHIBIT B



The State of Canada's Forests

2004 - 2005

The **BOREAL** FOREST



Natural Resources
Canada

Ressources naturelles
Canada

Canada

FOREST FACTS

- Canada has a total of 979.1 million hectares of land, of which **402.1 MILLION** hectares are **FOREST AND OTHER WOODED LAND**.
- Of this 402.1 million hectares, **92 MILLION** are "**OTHER WOODED LAND**," consisting of treed wetland as well as slow-growing and scattered-treed land.
- Canada has **310.1 MILLION** hectares of **FOREST LAND**; of this, **294.8 MILLION** hectares are **NOT RESERVED** and therefore potentially available for commercial forest activities.
- Of the 294.8 million, **143.7 MILLION** hectares are most likely to be subject to **FOREST MANAGEMENT ACTIVITIES**.
- Of these 143.7 million, **0.9 MILLION** hectares of forest are **HARVESTED ANNUALLY**.
- **FOREST PRODUCTS' CONTRIBUTION** to the Canadian economy (GDP) in 2004 was **\$35.9 BILLION**, slightly higher than the 2003 contribution of \$33.7 billion.
- The value of **FOREST PRODUCT EXPORTS** increased in 2004 to **\$44.6 BILLION** from the 2003 total of \$39.6 billion.
- **NON-TIMBER FOREST PRODUCTS** contributed over **\$725 MILLION** to the Canadian economy in 2004.
- **DIRECT EMPLOYMENT** decreased by 15 200 person-years to 361 100 in 2004. This result is consistent with the trends observed in the last 10 years.
- The number of **FOREST FIRES** in Canada in 2004 was **6 634**, below average for the year compared to the 10-year average of 7 631.
- The amount of **FORESTED LAND BURNED** in 2004 was **3.3 MILLION** hectares, slightly above the 10-year average of 2.8 million hectares.
- Canada has **15 TERRITORIAL ECOZONES**, 11 of which are in forest areas.
- About **93 000** of Canada's estimated 140 000 species of **PLANTS, ANIMALS AND MICRO-ORGANISMS** live in the forest.
- **TREE SPECIES** indigenous to Canada total **180**.

Environmental degradation has often resulted from human activities such as oil and gas exploration, hydro-electric projects, logging, and expansion of urban dwellings into rural forested environments. Another ongoing challenge is the loss of wildlife habitat. To meet these challenges, government and industry researchers continue to monitor the state of Canadian forests and to examine the factors influencing their health. Increasingly, sustainable management practices are followed by forest users in order to restore and protect the environment.

Canada's forests are a precious national treasure. Wise management, practised through cooperation and dialogue, will ensure that they will continue to be a vital part of Canadian life for generations into the future.

FOREST SECTOR—ENVIRONMENTAL TRACK RECORD

- New operational harvesting techniques have reduced industry's ecological footprint in the forest.
- Pulp and paper mills have greatly reduced their greenhouse gas emissions—to 28% below 1990 levels.
- Industry has virtually eliminated chlorinated dioxins.
- Since 1989, industry has spent \$2.6 billion on recycling.
- Canadian mills recycled 5 million tonnes of paper into new products in 2003.
- Of the fibre for new Canadian paper, 24% comes from recovered paper and 56% from chips or sawmill residues, for a total of 80%. This is the highest content of recycled paper and residues ever used in the making of Canadian paper.
- Today, 55% of the pulp and paper sector's energy consumption comes from biomass, a renewable resource.
- Sustainable forest management certification has tripled in the last two years. Canada has more certified forest land than any other country in the world.